

NR
DUANE READE

NEW WORLD MERCHANDISING



RJ Reynolds
Tobacco Company

**NO
BUILT**

51847 8123

New World Merchandising

- Duane Reade will be required to make a decision in retail merchandising from a self service to a non self service format. It is important that the decision is made after careful evaluation with considerations given to:

- **RETAIL CONTRACTS**

- » **Display requirements vs. Payments**

- Display facings
 - Pack / Carton requirements (facings/inventory)
 - Position (front counter Non self serve vs. Back counter)

- **PROMOTIONAL ACTIVITY**

- Current promotional activity
 - Future promotional activity (how will contracts affect company participation ?)

- **FIXTURE REQUIREMENTS**

- Durability
 - Versatility of fixtures (adaptable to government regulations?)
 - Contract longevity vs. Bonus (is a contract involved ?)
 - Availability of fixtures

New World Merchandising

- Duane Reade will also be required to evaluate the Wholesale portion of their business and the affect of any retail merchandising changes.
 - How will retail changes affect wholesale payments ?
 - Estimated Wholesale Payments 1998
 - » PM -- \$.23/CTN
 - » RJR -- \$.23 / CTN (MAX)
 - » BAT -- \$.12 / CTN (MAX)
 - » LOR -- \$.10 / CTN (MAX)

- Duane Reade must evaluate all parts of the programs to determine the best approach to the Non Self Service Merchandising program

Estimated Contract Proposals Average Per Store Per Month

COMPANY	1998 * <i>PM</i> <i>Exclusive</i> \$561 (FRONT) \$281 (BACK)	1998** <i>4 Co.</i> all backbar \$140 (Level 1)	1998** <i>3 Co.</i> all backbar \$140 (Level 1)	1998*** <i>3 Co.</i> all backbar	1998** <i>3 Co.</i> all backbar \$140 (Level 1)	1998** <i>3 Co.</i> all backbar \$140 (LEVEL 1)
PM		\$200	\$300	\$300	\$300	
RJR		\$225		\$379	\$379	\$379
BAT		\$200	\$200	\$200		\$200
LOR						
TOTAL	\$561	\$765	\$640	\$879	\$819	\$719

* = PM FIXTURES ONLY
 ** = PM & OTHER CO
 *** = NO PM FIXTURES

ACTUAL Contract Proposals

MONTHLY AVERAGE PER STORE

COMPANY	1998* PM Exclusive	1998** 4 Co. all backbar	1998** 3 Co. all backbar	1998*** 3 Co. all backbar	1998** 3 Co. all backbar	1998** 3 Co. all backbar
CONTRACT	\$	\$	\$	\$	\$	\$
PM (FRONT) S (BACK)						
CONTRACT	\$200	\$300	\$300	\$300		
RJR						
CONTRACT	\$		\$	\$	\$	\$
BAT						
CONTRACT	\$	\$	\$		\$	\$
LOR						
CONTRACT	\$	\$	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$	\$	\$

* = PM FIXTURES ONLY
 ** = PM & OTHER CO
 *** OTHER NO PM

PLEASE COMPLETE AND LET'S DISCUSS

Estimated Promotional Spending

Monthly Average Per Store

PROMO SPENDING	1998* <u>PM</u> <i>Exclusive</i>	1998** <u>4 Co</u> all backbar	1998** <u>3 Co</u> all backbar	1998*** <u>3 Co</u> all backbar	1998** <u>3 Co</u> all backbar	1998** <u>3 Co</u> all backbar
PM	\$ 756	\$	\$	\$	\$	\$
RJR	\$ 0.00	\$ 368	\$ 536	\$ 536	\$ 536	\$ 0.00
BAT	\$	\$	\$	\$	\$	\$
LOR	\$	\$	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$	\$	\$

* = PM FIXTURES ONLY

** = PM & OTHER CO

*** OTHER NO PM

WORK SHEET

Average Per Store Per Month

	1998 <u>PM</u> <i>Exclusive</i>	1998 <u>4 Co.</u> all backbar	1998 <u>3 Co.</u> all backbar	1998 <u>3 Co.</u> all backbar	1998 <u>3 Co.</u> all backbar	1998 <u>3 Co.</u> all backbar
PM	\$	\$	\$	\$	\$	\$
RJR	\$	\$	\$	\$	\$	
BAT	\$	\$	\$	\$	\$	\$
LOR	\$	\$	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$	\$	\$

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Bat - Big \$

PM - told to LEAVE (\$985,000)
PM Fixtures - 1 Disp. on counter

PL - Wants in

30%	30%	30%	10%
RJR	PM	PL	PM

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